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**Air Pollution Control Board**

Greg Cox	District 1
Dianne Jacob	District 2
Pam Slater	District 3
Ron Roberts	District 4
Bill Horn	District 5

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VIA FACSIMILE

Irene Stillings
Executive Director
San Diego Regional Energy Office
8520 Tech Way, Suite 110
San Diego, CA 92123

SAN DIEGO REGIONAL ENERGY INFRASTRUCTURE STUDY

The San Diego County Air Pollution Control District appreciates the opportunity to provide comments on the October 1, 2002, draft of the San Diego Regional Energy Infrastructure Study (REIS). The District has participated in meetings of the Regional Energy Planning Advisory Committee, and appreciates the Committee's attention to air quality issues associated with electricity generation, as reflected in the draft REIS. We offer the following specific comments.

Chapter 2: Situation Assessment

Offset Applicability Thresholds. Emission offset requirements apply to both new major stationary sources of ozone precursors and major modifications of existing major sources. Accordingly, please consider amending an associated statement on page 2-8, as follows: *"San Diego Air Pollution Control District (APCD) Rule 20.3(d)(8) requires new stationary sources that will emit ~~more than~~ 50 tons or more per year of NOx ~~and~~ or VOC (i.e., major sources), and modified major sources that would contemporaneously increase NOx or VOC emissions by 25 tons or more per year, to offset these emissions at a 1.2-to-1 ratio (i.e., provide 12 tons of reductions for each 10 tons of emissions increase)."*

Additionally, footnote 22 on page 2-8 indicates the applicability thresholds for emission offset requirements "may soon be changed to a threshold of 100 tons per year." Indeed, the District had considered proposing to raise the emission offset applicability thresholds, as part of a future request to U.S. EPA to redesignate San Diego County to an attainment area for the federal one-hour ambient air quality standard for ozone. However, concerns were raised about potential emission impacts of offset relaxation on progress toward attaining the more-stringent federal eight-hour and state one-hour ozone standards. Furthermore, raising the offset applicability thresholds would have little or no effect on central power plant development in San Diego

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amend the emission offset applicability thresholds. Therefore, footnote 22 on page 2-8 should be deleted.

Energy Independence. Page 2-13 includes a statement that *"the APCD does not support the concept of energy independence, but favors a mix of import from hydro and cleaner sources."* The APCD has not taken a formal position on energy independence, and therefore this sentence should be deleted. Additionally, please be aware that the import of electricity does not necessarily lead to local emission reductions from power plants in San Diego County, because local merchant power plants may still generate electricity (for export to other regions) and associated emissions, provided they comply with operating permit conditions.

Page 2-13 also includes a statement regarding the specific role of the APCD. Please amend this statement to clarify the APCD's role, as follows: "...the APCD sees its role not as promoter of does not endorse any specific energy mix but rather as eliminator of unknown risks and is a regulatory agency responsible for ensuring energy sources comply with federal, state, and local standards for emissions of air pollutants, using such tools as offset requirements, analyses, and permitting."

Distributed Generation Emissions. Page 2-13 also includes a statement that *"one goal is to require emission levels of smaller-scale, distributed generation systems units to meet the same criteria as central power plants by 2007."* This is a requirement of state law and associated state regulations, which are being implemented by the California Air Resources Board, not the APCD. Please amend the above statement accordingly.

Potential Sources of Emission Offsets. Table 2-1 (page 2-19) notes that *"implementation of energy efficiency, renewables and replacing polluting vehicles with cleaner, economically viable technologies"* are opportune sources of emission offsets. Please amend this sentence to clarify that emission reductions may qualify as emission offsets for major sources only if the reductions comply with U.S. EPA and APCD requirements. Among other requirements, the emission reductions must be real, quantifiable, surplus, permanent, and enforceable.

Chapter 4: Electricity Demand, Supply, and Infrastructure

Page 4-5 includes a statement that the South Bay and Cabrillo power plants *"can be repowered and double or nearly triple their current capacity without increasing their emissions."* This is true for NOx emissions only. Emissions of other air contaminants, such as particulate matter and carbon monoxide, might increase under this scenario. Please amend the above statement accordingly.

Page 4-6 includes a statement that the Cabrillo power plant *"has reduced its emissions by more than 50 percent"* as a result of several emission control improvements. Again, it should be clarified that these substantial reductions pertain to NOx emissions only. Please also be aware that the South Bay power plant has achieved similar or greater NOx emission reductions as a

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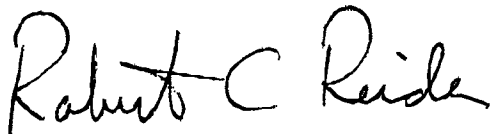
Chapter 5: Demand-Side Options

Distributed Generation Emissions. As stated on Page 5-32, "According to San Diego APCD, most new DG projects do not create environmental impacts that are of a major concern." This statement bears substantial clarification. First, unless distributed generation projects utilize zero or near zero-emission technologies, emission rates (pounds per megawatt-hour) are usually higher than those of new, large central power plants. Second, their emissions are usually released near ground level, which may result in relatively greater local impacts on ambient air quality conditions. Third, distributed generation equipment may be most economical to use during periods of peak-electric demand in the summer, when local air quality conditions are at their worst. The above statement should be clarified accordingly, or deleted.

Chapter 6: Options and Scenario Analysis

Page 6-17 includes a statement that NOx emission offsets in California are expensive due to serious air quality problems with ozone (for which NOx is a precursor). Please consider adding clarification to this sentence, as follows: "California has very serious problems with the creation of ozone by NOx, and therefore is currently implementing every feasible control measure to reduce NOx emissions. Consequently, it is difficult to create voluntary, surplus reductions of NOx emissions for use as offsets, because of stringent state and federal emission control requirements. For this reason ozone allowances in California are significantly more expensive than in the majority of the non-attainment regions in the United States."

Thank you for considering these comments. If you need clarification or have any questions about these comments, please contact me at (858) 650-4670 or Robert.Reider@sdcounty.ca.gov.



ROBERT C REIDER
Supervising Air Resources Specialist

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